

CITY OF SAN JOSÉ, CALIFORNIA  
Department of Planning, Building and Code Enforcement  
801 North First Street, Room 400  
San José, California 95110-1795

Hearing Date/Agenda Number  
June 6, 2005 Item: 7.a.7

File Number  
DA-HITACHI

Application Type  
Development Agreement

Council District  
2

Planning Area  
Edenvale

Assessor's Parcel Number(s)  
706-04-015, -016, 706-05-034, 706-06-013, 706-07-001, -002, -003, -004, 706-08-001, 002, 003, 004, 005, 016

## STAFF REPORT

### PROJECT DESCRIPTION

Completed by: Elena Lee

Location: Generally bounded by Cottle road to the West, Poughkeepsie road/Boulder Boulevard to the north, Monterey Highway to the east, State Route 85 and Manassas Road to the south

Gross Acreage: 332

Net Acreage: 332

Net Density: NA

Existing Zoning: IP Industrial Park

Existing Use: Industrial

Proposed Zoning: IP(PD) Planned Development

Proposed Use: Industrial, Residential, Commercial

### GENERAL PLAN

Completed by: EL

Land Use/Transportation Diagram Designation  
Existing: Industrial Park. Proposed: Mixed Use with No Underlying Designation

Project Conformance:  
☒ Yes ☐ No  
☐ See Analysis and Recommendations

### SURROUNDING LAND USES AND ZONING

Completed by: EL

North:	Industrial, Commercial and Residential	IP Industrial Park, A(PD) Planned Development, CN Commercial Neighborhood, and R-MH Residential
East:	Industrial, Commercial and Residential	A(PD) Planned Development, IP Industrial Park, R_MH Residential and R-1-8 (CL) Residential
South:	Industrial, Hospital or Institutional, And Residential	IP Industrial Park, A(PD) Planned Development and LI(PD) Planned Development
West:	Commercial, Industrial and Residential	LI Light Industrial, A(PD) Planned Development, R-M Residential, CN Commercial Neighborhood, CG Commercial General

### ENVIRONMENTAL STATUS

Completed by: AC

☒ Environmental Impact Report pending adoption on November 11, 2003  
☐ Negative Declaration circulated on  
☐ Negative Declaration adopted on

☐ Exempt  
☐ Environmental Review Incomplete

### FILE HISTORY

Completed by: EL

Annexation Title: Monterey Park No. 7,62,77; Oakgrove No. 58

Date: 2/1/55, 6/24/66, 8/15/75, 3/20/79

### PLANNING DEPARTMENT RECOMMENDATIONS AND ACTION

☒ Approval  
☐ Approval with Conditions  
☐ Denial  
☐ Uphold Director's Decision

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_  
☐ Action  
☒ Recommendation

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**APPLICANT/OWNER/**

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Hitachi GST  
Attn: Kyle McElroy  
5600 Cottle Road  
San Jose, CA 95153

Ken Kay and Associates  
Attn: Jason Victor  
1045 Sansome Street, Suite 321  
San Francisco, CA 94111

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**PUBLIC AGENCY COMMENTS RECEIVED**

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Completed by: EL

Department of Public Works, Fire Department

None Received

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Other Departments and Agencies

None Received

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**GENERAL CORRESPONDENCE**

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None Received

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**ANALYSIS AND RECOMMENDATIONS**

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**BACKGROUND**

The applicant, Hitachi GST, has requested a Development Agreement by and between the City of San José and Hitachi GST. The subject Agreement would allow for the development of a mixed-use development with residential, commercial and industrial uses. The Plan allows for the reconfiguration and entitlement of up to 3.6 million square feet of industrial park uses, up to 2,930 residential units, up to 460,000 square feet of commercial uses and up to 13 acres of public/quasi-public park and open space uses on a 332 gross-acre site. Hitachi is requesting a General Plan Amendment to change the General Plan Land Use Designation from Industrial Park to Mixed Use with No Underlying Designation and inclusion of the project into the General Plan Mixed Use Inventory Table F.

To facilitate the project, the applicant has also filed concurrently a Planned Development Rezoning from IP Industrial Park to IP(PD) Planned Development. A staff-initiated General Plan amendment is also being processed concurrently to designate one or more arterials on the General Plan transportation network. In addition a General Plan Text Amendment was also filed to change the maximum height on the entire site from 50 feet to 120 feet.

The project will allow Hitachi to maintain its current roughly 3,000 employees in San Jose while providing substantial reinvestment in the industrial core of the project. Hitachi must continue to invest in itself in order to remain a leader in the world global storage system industry. The project retains existing industrial square footage and intensifies industrial uses in accordance with several other major planning efforts currently underway in the city. As a result, the project will also provide much needed housing and retail amenities to support Edenvale and South San Jose.

**ENVIRONMENTAL REVIEW**

An Environmental Impact Report (EIR), entitled Hitachi Campus and Mixed-Use Transit Village Project, was prepared for the proposed project and provides both a program level and project level environmental review appropriate to address and evaluate the environmental impacts of the project appropriate for the adoption of the proposed General Plan amendments, PD rezoning, modification of the Edenvale Area

Development Policy and Development Agreement. The DEIR was circulated from March 25, 2005 to May 9, 2005 for public review and comment on the adequacy of the environmental review during this time period.

Further detailed discussion regarding the conclusions in the Draft EIR are contained in the Staff Report for the General Plan Amendments and Rezoning requests (File Numbers: GP04-02-01, GPT04-02-01, GP04-02-02, GPT04-02-02, and PDC04-031).

## **GENERAL PLAN CONFORMANCE**

The proposed Development Agreement would provide specifically for development of the site under a Mixed Use with No Underlying Designation on the San José 2020 General Plan Land Use/Transportation Diagram and other General Plan policies as proposed to be amended, and a Planning Development Rezoning to implement 3.6 million square feet of industrial, 460,000 square feet of commercial, and up to 2,930 attached dwelling units and up to 13 acres of public park on a 332-acre site.

## **ANALYSIS**

### Review Criteria

City Ordinance No. 24209 establishes criteria by which the City may enter into a Development Agreement. In order for the City Council to approve an Agreement, it must find that the proposed development is consistent with the General Plan, meets important economic, social, environmental or planning goals of the City, and facilitates the development of the subject property. Additionally, the proposed development must be found to either incur unusually substantial public improvement costs and to demonstrate commitment to a very high standard of quality beyond the standard City requirements, or the development must be found to make a substantial contribution to the economic development of the City. In the latter case, the development must be for industrial office, research and development or similar use, involve a parcel of at least 5 acres in size, create or retain at least five hundred jobs, be used as a corporate headquarters by the primary user of the development and qualify as a “Special Handling” project per City requirements. Development Agreements are approved through the adoption of a City ordinance by the City Council. The effective date of the Agreement is the effective date of the ordinance unless a later date or the occurrence of a specific event is specified in the Agreement.

Development Agreements may be amended or cancelled by the mutual consent of the parties to the Agreement or their successors in interest. An amendment may be granted upon a finding by the City Council that the amendment is consistent with either the General Plan and zoning codes in effect at the time the ordinance authorizing the agreement was adopted, or at the time of any amendment. Review of an amendment is limited to consideration of those elements proposed to be added or changed.

### Benefit to Hitachi

Approval of the proposed Development Agreement (DA) would provide the project developer with several benefits. The proposed term of the Development Agreement is 20 years. The Development Agreement allows Hitachi to secure the bulk of the city’s existing development conditions and regulations to ensure the orderly build-out of the proposed project. Under the Development Agreement, Hitachi will be allowed to vest the permitted uses of the Project, the maximum density and maximum square footage of the proposed buildings and maximum number of residential units, provisions for reservation or dedication of land for public purposes, and provisions for public improvements, and other terms and conditions of development applicable to the Property. The Vested Elements are set forth in the Development Approvals, Mitigation and Monitoring and Reporting Program, and Traffic capacity for the entire Project which will be reflected in the City’s

Approved Trip Inventory (“ATI”). In addition, the Industrial, Commercial, and Residential Design Guidelines will be each in effect as of the Effective Date of the Development Agreement, except as each are modified by the Development Standards of the Planned Development Zoning District. The project will adhere to inclusionary zoning requirements as agreed to by Hitachi and the City of San Jose.

Hitachi would also benefit from the flexible project timing allowed under the Development Agreement. There is no requirement under the DA that Hitachi must initiate or complete development of any phase of the Project within any period of time or in any particular order. Hitachi may develop the site at any time during the term of the Agreement in accordance with the Zoning, General Plan and other development standards applicable at the time when the Agreement is effective, or in accordance with current standards at Hitachi’s discretion. There are though, timing guidelines placed upon the development of certain infrastructure elements such as the completion of the State Route 85/Cottle loop-ramp. Some regulations, including Building Codes and regional, State or Federal water quality requirements, would not be vested.

Hitachi would also enjoy the ability to transfer the property to other users who would then assume Hitachi’s right, obligations, and benefits under the Development Agreement. The Development Agreement stipulates that Hitachi cannot convert any additional industrial land in the remaining approximately 158 acre industrial core property until such time that Hitachi has occupied 2 million square feet of industrial office, research and development, manufacturing and warehouse space at an FAR of 1.0 or greater.

### **Benefit to City**

In exchange for providing the applicant, Hitachi GST, with the benefits discussed above, the City would receive substantial benefits in that the Development Agreement includes the development of a mixed-use development that incorporates 3.6 million square feet of industrial development and up to 2,930 housing units and up to 460,000 square feet of retail development. Hitachi is one of San Jose’s largest employers and one of San Jose’s few remaining substantial manufacturing firms. Hitachi currently provides approximately 3,000 jobs across a wide array of technical and business categories. Retention of Hitachi within San Jose is important to the City’s economic base. Hitachi’s proposed project serves as a role model as to how to redevelop older industrial properties and reinvigorate them for the future viability and vitality of San Jose’s job base. In addition, Hitachi is providing extraordinary benefit to the city through the extensive public infrastructure included in the project, the inclusion of parks and amenities and deeper affordable housing targets than is required through the city’s existing Affordable Housing Plan.

The proposed project meets the necessary criteria for the City to issue a Development Agreement in that the proposed project is for an industrial office, research and development, or similar use, would involve parcel(s) at least 5 acres in size, would create at least five hundred jobs, would be used as a corporate headquarters by the primary user of the development, and would qualify as a “Special Handling” project per City requirements

### **Conclusion**

The Development Agreement as proposed has been prepared to conform with all applicable City policies, including the General Plan as proposed to be amended, economic, social and environmental goals of the City, and the regulations governing the issuance of Development Agreements. Furthermore it would further the City’s Economic Development Strategy as set forth in the General Plan. In response to the applicant’s request, the City Attorney’s office has prepared the text for a Development Agreement that incorporates the applicant’s requested items, consistent with the recommendation of Planning staff. Staff recommends that the Planning Commission recommend that the City Council accept the Development Agreement as proposed by the applicant and as drafted in cooperation between staff and the applicant and the Office of the City Attorney.

## **PUBLIC OUTREACH**

Due to the size and scope of this project, for the purposes of the City Council Policy on Public Outreach, the project was considered a "Significant Community Interest Proposal". In conformance to the policy, early, notification postcards were mailed out to property owners, tenants, neighborhood groups, community organizations and other interested parties. Notices of the public hearing before the Planning Commission and City Council have been published, posted on the City of San Jose web site and distributed to the owners and tenants of all properties of an expanded mailing radius of 3,000 feet of the project site. Given the size of the property, staff utilized a very large mailing radius to ensure that all interested parties would receive notices. Staff has also maintained a frequently asked question website and an email list for those outside of the mailing radius who were interested in the project. In conformance with the outreach policy, the applicant has posted on-site noticing of the project description and contact numbers on the project site. The staff report was posted on the City of San Jose website. Staff has also been available to answer questions from members of the public. Additionally, copies of the Draft Environmental Impact Report have been available for public review in both the Dr. Martin Luther King Jr. Library and the Santa Teresa Library.

Community meetings were held on June 30, 2004, February 28, 2005 and May 12, 2005. The first and third meetings were held at the Southside Community Center. The second meeting was held at the Santa Teresa Library. An Environmental Impact Report Public Scoping Meeting was also held on August 5, 2004. Topics and issues discussed at those meetings included the following: traffic, urban design and timing for the development. Most of the concerns regarding the project were about the traffic generated by the project. Staff and the applicant responded that the project will be required to meet all City requirements and would have to mitigate for the impacts. At the final community meeting, the majority of attendees expressed support for the project. In addition the project was also reviewed by the Historic Landmarks Commission. The Commission recommended supporting the Project. The Project was also discussed at the Parks Commission. The Commission expressed support for the roughly 10 acre park and requested a larger than one-acre public park area for the southern residential portion of the proposed project. The applicant team has also met with several area neighborhood groups and non-profit and interest groups to discuss the Project.

## **RECOMMENDATION**

Planning staff recommends that the Planning Commission approve the requested Development Agreement Amendment for the following reasons:

1. The Development Agreement conforms to the designation of Mixed Use with No Underlying Designation on the adopted San José 2020 General Plan Land Use/Transportation Diagram, as proposed to be amended.
2. The Development Agreement conforms to the requirements of the IP (PD) Planned Development Zoning, as proposed.
3. The Development Agreement conforms to the requirements of the Development Agreement Ordinance.
4. The proposed Development Agreement supports the General Plan Economic Development Strategy.

AC: 11/207-06